Neles has the platform for profitable growth

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Disclaimer

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This presentation contains forward-looking statements that reflect the current views of Neles. These forward-looking statements include statements with regard to the expected development of business, results of operations and financial position of Neles. Accordingly, you should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond the control of Neles. Among the factors that might influence our ability to achieve our objectives are the progress of our strategy implementation and the impact of the separation of the Metso Minerals business. In addition, stronger than expected competition, technological innovations, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our results. Further, the economic downturn in our markets, due to COVID-19 or otherwise, may also have an impact on our business development and the availability of financing on favorable conditions. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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Neles has a strong track record and is positioning for profitable growth

Track record of profitable growth through organic initiatives	Balanced business model with revenue and profitability resilience, operating leverage and attractive cash generation	Strong balance sheet supporting growth	Strategy and execution plan to enhance growth and value creation

Neles has built a profitable business model as a Metso segment

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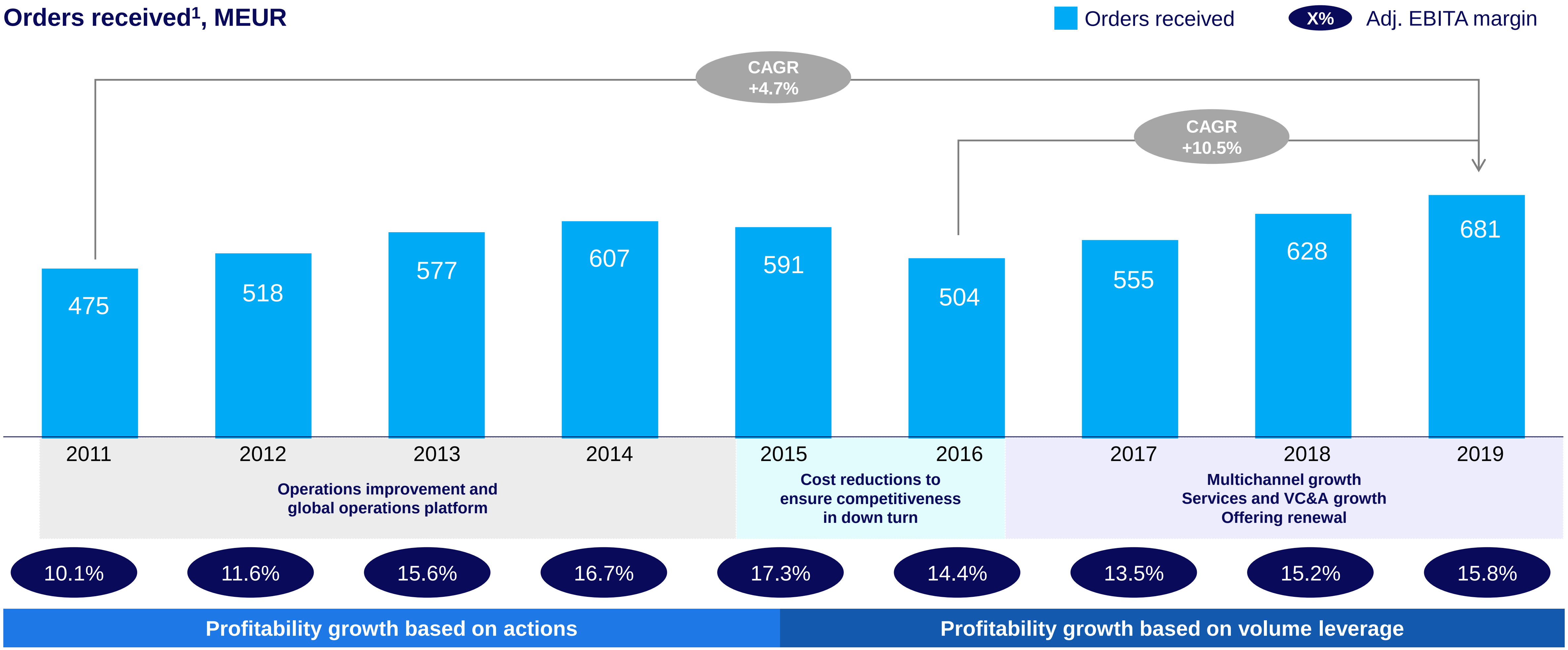

[1] Segment numbers

Neles performance based on carve-out numbers

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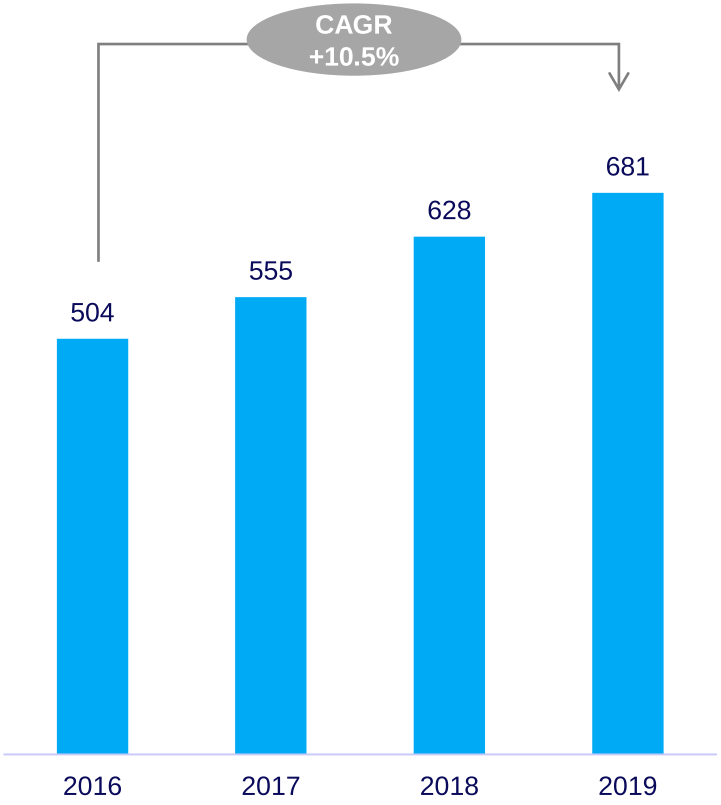
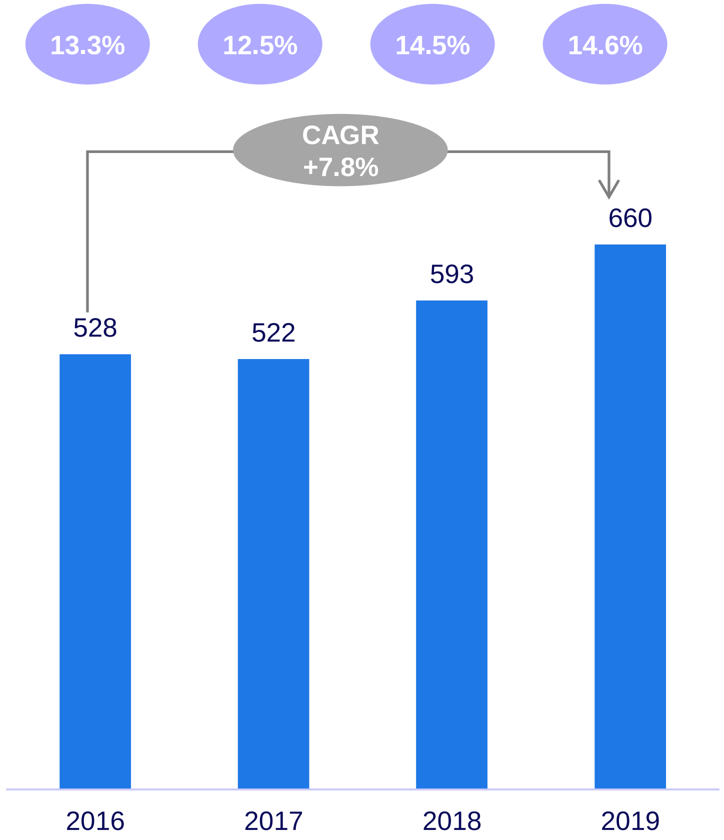
Orders[1], MEUR



Sales[1], MEUR

X% Adj. EBITA margin[1]



- Orders and Sales unchanged vs. segment reporting
- Carve-out/continued operations adj. EBITA margin of ~1% lower than segment reporting resulting from inclusion of unallocated corporate costs
- Standalone costs estimated to increase initially by EUR 6 million on annual level compared to Valves segment costs

[1] 2016-2017 financials based on carve-out numbers; 2018-2019 financials based on Metso's "Continuing operations" as in 2019 annual report

Building standalone Neles with profitable growth is progressing well

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MAIN CARVE-OUT ACTIVITIES

- Creation of right-sized corporate functions
- Setting up corporate governance for Neles
- Carve out and right sizing of IT systems and resources
- Legal carve out of common subsidiary companies

- Standalone costs estimated to increase initially by 6 M€ on annual level compared to Valves segment costs
- EUR 1.3 million separation costs reported in Q1/20 as Adjustment Items

NEW STRATEGY FOR NELES

- Redirection of resources and efforts to selected growth areas
- Targeted investments at right times to reach growth, profitability and capital efficiency targets

- Above-the-market growth targets defined
- Cost savings and process improvement opportunities identified and ongoing. Target to neutralize the standalone-company cost increase and to accomodate for growth investments at right time

INDEPENDENT OPERATIONS

- Business operations already independent of Metso Minerals business

- Legal carve-outs and related approvals, licensing, communications well progressed

Risks are controlled throughout the business process

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Sales/ Customers	Order	Manufacturing	Delivery

• No large single transaction risks
  • Largest customer ~5% of annual sales
  • Largest single sales contract less than 2% of annual sales
• Customers typically large process industry customers with financial stability
  • All customers and distributors managed with credit policies
• Strict compliance management processes
	• Certain sales contracts include advance/milestone payments for bigger orders (projects) and for credit management reasons	• Global operations and supply chains provide natural hedging and diversification	• Sales recognized at point in time (at delivery)

Strict health and safety policies and practices throughout all operations

Share of customer OPEX driven, recurring business is ~70%

OPEX driven
Maintenance, repair & operations (MRO) business

Valve services
(previously reported
as Segment's services, 22%)

Valve replacement, distribution business

CAPEX driven
Project business

Valve sales to customer projects

Customer OPEX driven, recurring business was resilient during last downturn and has grown since

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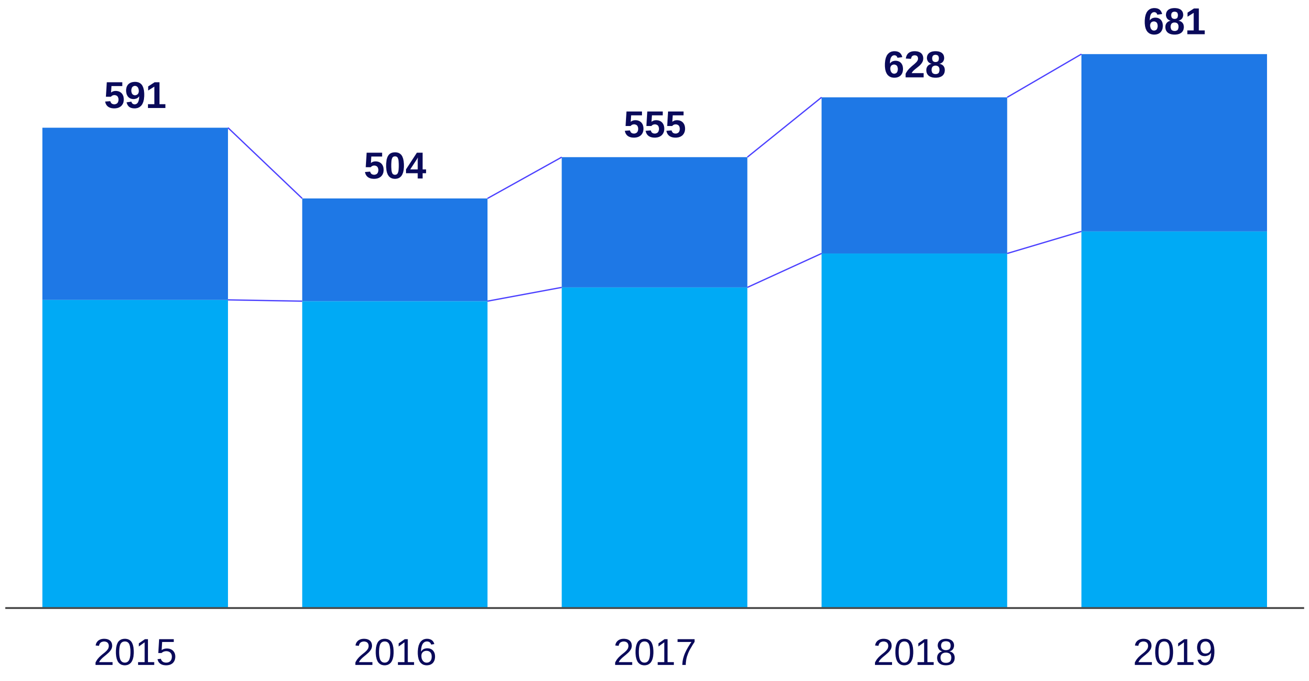
Business type	Orders received[1], MEUR					CAGR, ’16–19	% Change, ’15–16
MRO % of total	64%	75%	71%	69%	68%		
CAPEX driven Project business						19.9%	(40.1%)
OPEX driven Maintenance, repair & operations (MRO) business						7.1%	(0.5%)



[1] Segment numbers

Cost structure supporting good operating leverage and sustained profitability

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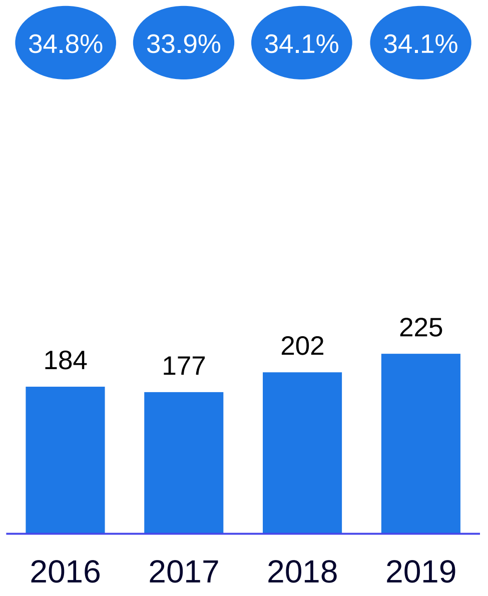
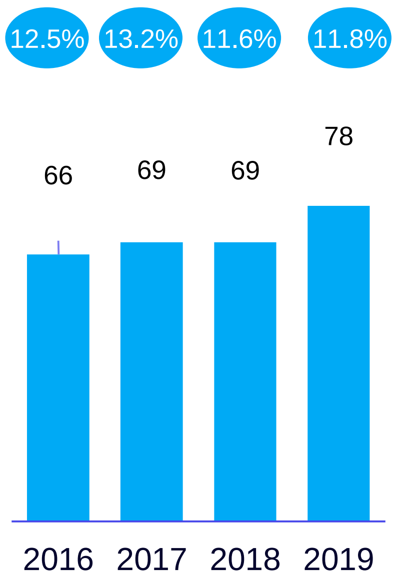
Gross profit[1]

MEUR; Margin in %



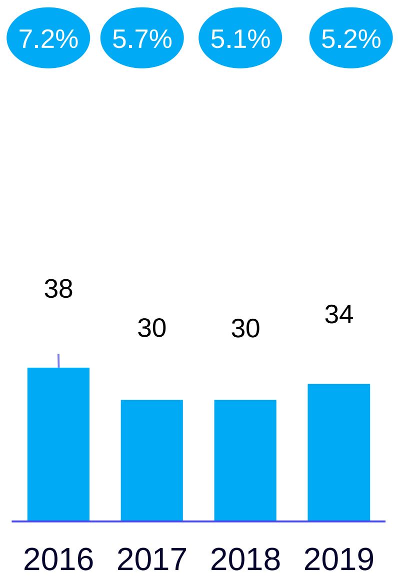
Selling & Marketing[1]

MEUR; % of Sales



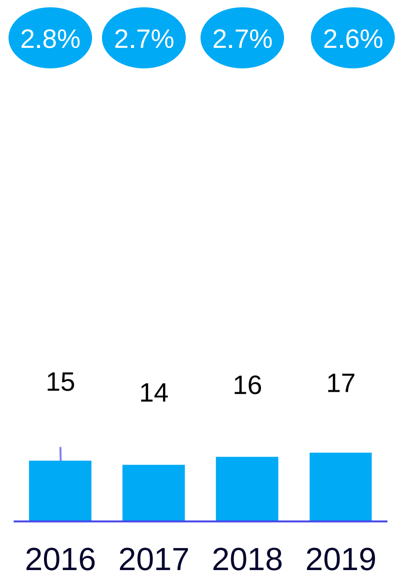
Admin & Expenses[1]

MEUR; % of Sales



R&D[1]

MEUR; % of Sales



Rapid growth driven by significant revenue increase

Operating leverage driving margin expansion

- Product and services based business model yields attractive operating leverage
- Growth in selling & marketing due to, e.g.
  - Market area cost increase
  - Digitalization development
  - Acquisition in India
  - Reclassification of Admin costs (2017 onwards)
- Admin impacted by fluctuations
  - Reclassification of Admin cost to S&M in 2017 onwards
  - Fluctuation of Group costs (carve-out allocations)
- Steady but moderate growth in R&D expenses

[1] 2016-2017 financials based on carve-out numbers; 2018-2019 financials based on Metso's "Continuing operations" as in 2019 annual report

Stable net working capital with actions to improve

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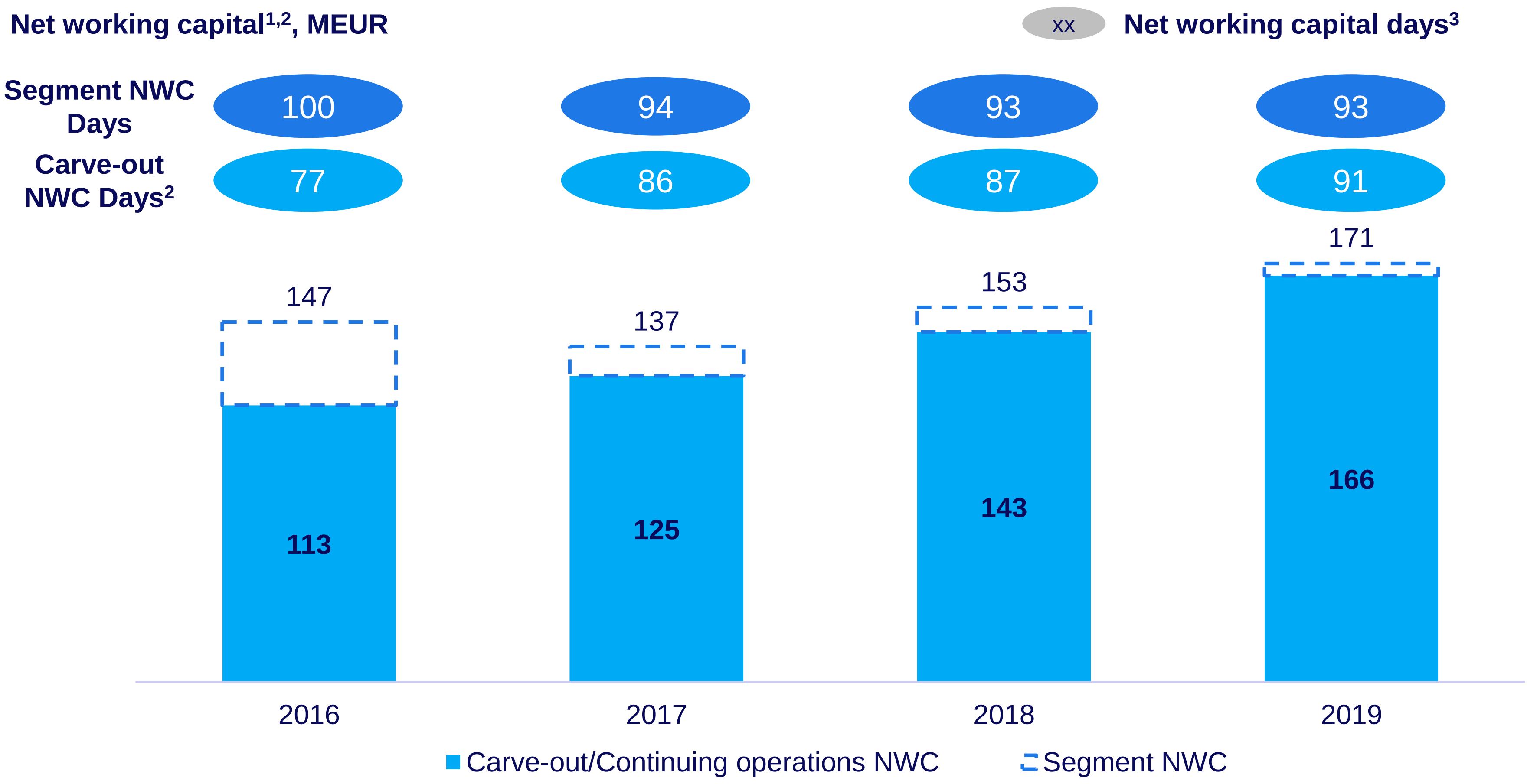

- Initiatives addressing net working capital turns:
  - Project delivery improvement
  - Improved manufacturing planning systems and stock optimization; Inventory reduction and management improvement program
  - Development of distribution channel for improved availability
  - Enforced cash conservation and collection activities in current situation
- Difference between Carve-out/Continuing operations NWC and segment NWC arises from Metso carve-out items

[1] Excludes Metso Group internal commercial items
[2] 2016-2018 financials based on carve-out numbers; 2019 financials based on Metso's "Continuing operations" as in 2019 annual report
[3] Net working capital days defined as (Inventory + Receivables – Payables) * 360 / Sales

Good cash conversion and sufficient investment to support organic growth

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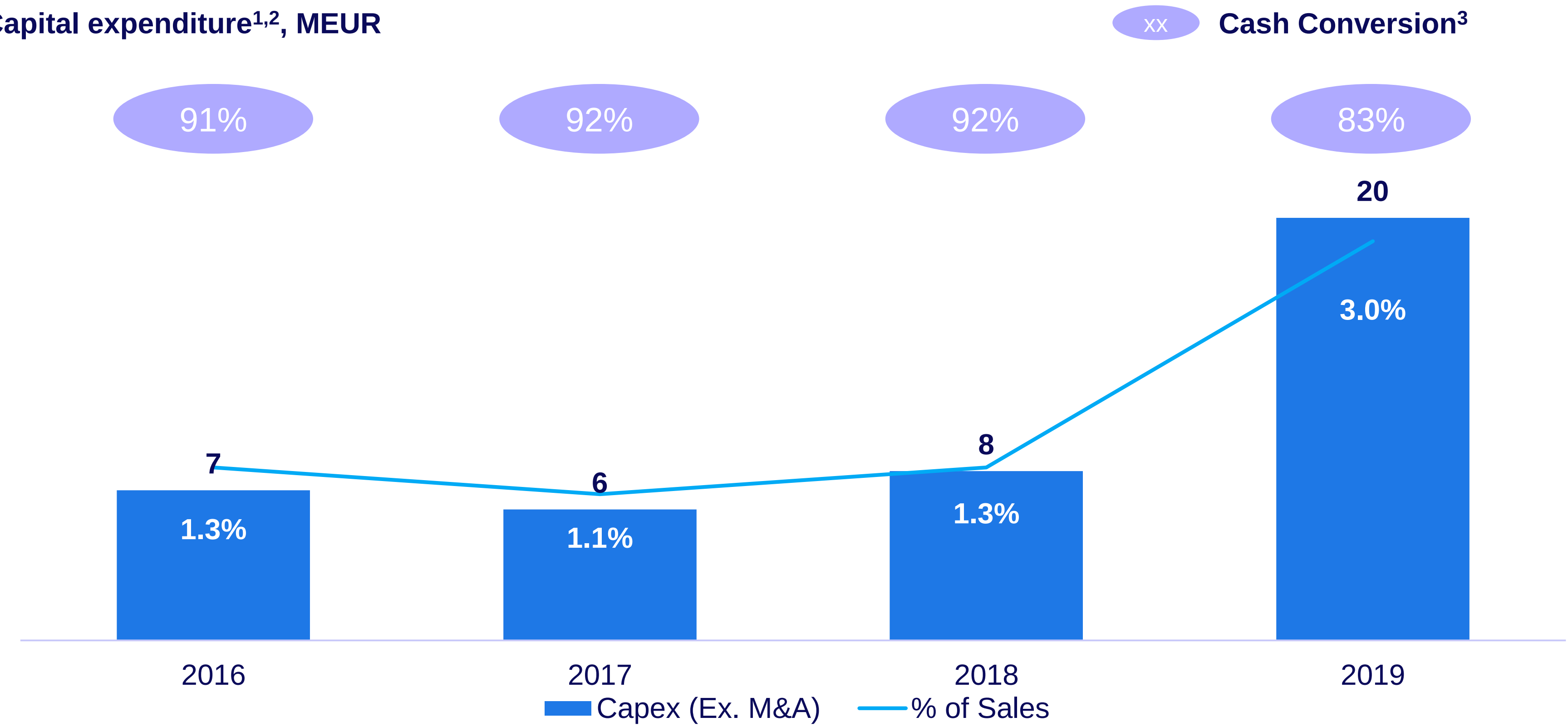
Capital expenditure[1,2], MEUR



- 2016 – 2017: maintenance investments
- 2018 – 2019: system renewal investments
- 2019: system renewal investments continued and investment in new factory in China and some machining capacity additions

[1] 2016-2017 financials based on carve-out numbers; 2018-2019 financials based on Metso's "Continuing operations" as in 2019 annual report
[2] Capex numbers exclude M&A
[3] Cash conversion rate = (Adj. EBITDA-CAPEX)/Adj. EBITDA; EBITDA and Capex based on carve-out/continuing operations figures

Strong balance sheet

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Neles continued balance sheet highlights on March 31, 2020	
Liquid funds	• EUR 121 million
Debt	• EUR 213 million, of which EUR 43 million lease liabilities
Net Debt/EBITDA[1]	• ~1
Commercial Paper Program	• EUR 200 million • Domestic Finnish market
Revolving Credit Facility	• Metso has negotiated a syndicated revolving credit facility of EUR 200 million with four banks, maturing in 2023 with two one-year extension options • The facility will be available for future Neles on the effective date of Metso's demerger

- Neles liquidity position is strong, supported by stable cash generation
- EUR 150 million external debt with a maturity of 2 years allocated to Neles business
- EUR 20 million external debt in Neles subsidiaries
- Neles is not planning to have a credit rating by Standard & Poor's nor Moody's

[1] On continued basis Q1 2020.

Mid-term financial targets and strategy

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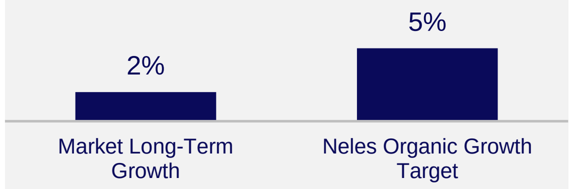
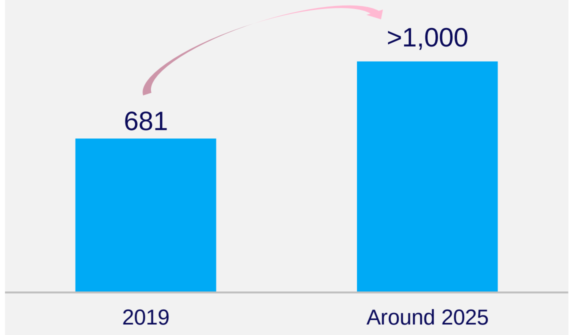
Organic growth



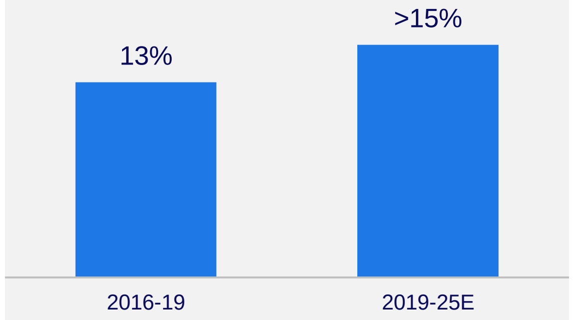
- Continue outperformance vs. market
  - 2015-19 Neles growth ~ 4% CAGR
  - Ambition of over 5% annual organic growth vs. mid-term market growth rate of 2%

Grow orders to more than EUR 1 billion



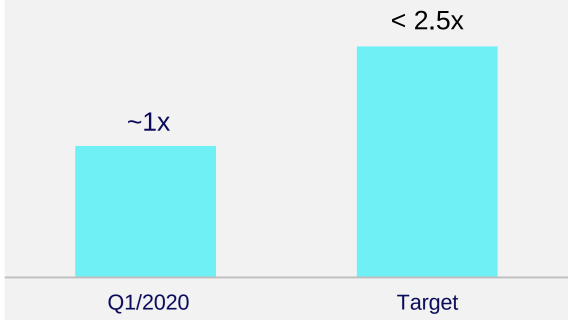
- Gain market share by expanding in selected markets and broadening product offering
- Accelerate growth of valve controls & actuators business
- Service and MRO service business development supported by digitalization
- Targeted acquisitions supporting these initiatives

Improve EBITA margins (% of NS)



- Short-term: ensure profitability and cash flows in current uncertain market
- Invest in growth and maintain profitability by
  - Improving project delivery
  - Leverage investments in China and India
  - Cost saving and reallocation opportunities to neutralize cost increase from demerger and to create opportunities for growth investments

Maintain net financial leverage



- Improve cash generation through NWC measures
- Net financial leverage below 2.5x Net Debt/EBITDA
  - Invest in growth while maintaining a conservative balance sheet

*Excluding Covid19 impact

Capital deployment priorities

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Organic Capex	• Creating shareholder value by investing in operations and driving organic growth
	• Organic capex
	  • Maintenance investments
	  • Capacity debottlenecking and increases
	  • IT investments initially to harmonize IT landscape

M&A	• Strong balance sheet allowing M&A while maintaining the financial leverage targets and dividend policy
Shareholder Return	• Solid dividend profile of ~40% of underlying adjusted net income in normalised business condition generating strong shareholder return.

Update on recent trading of Neles segment

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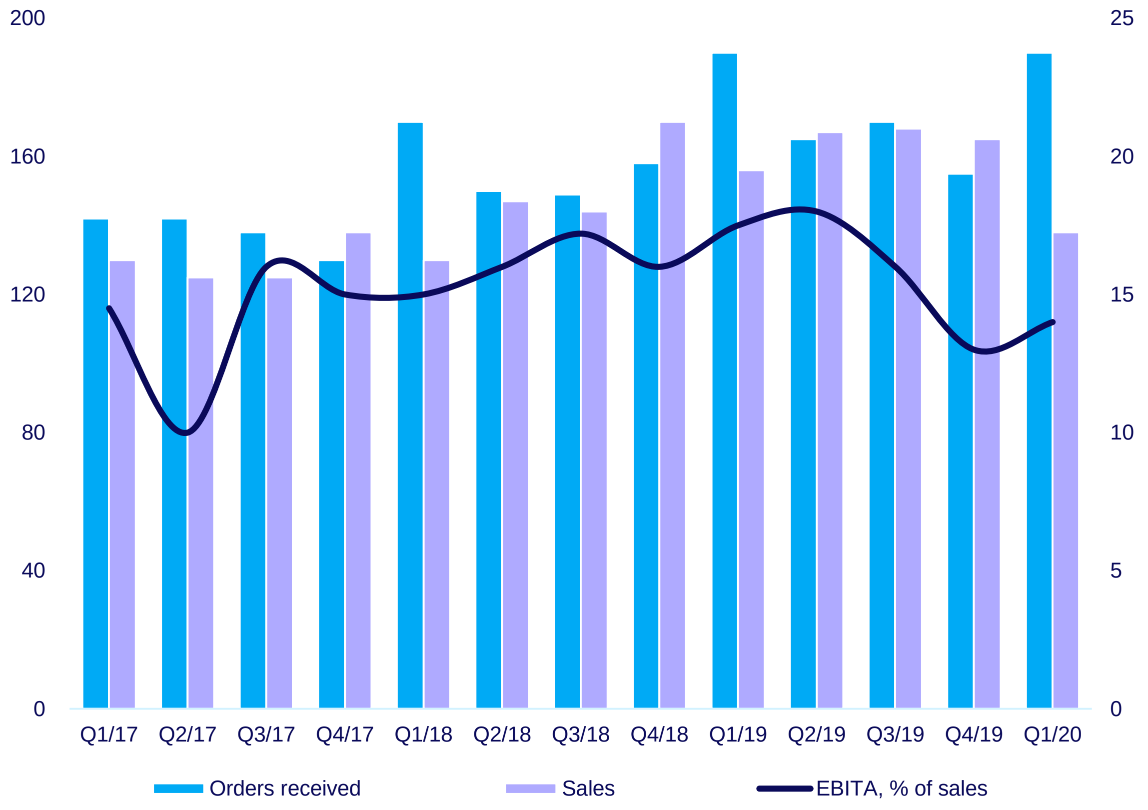
Orders, sales and profitability
(€ MM; EBITA margin in %)



[1] Adjustment items totalled EUR 1 million in Q1/20, while no adjustments were reported in Q1/19

- Volatile oil prices have had an impact on the market activity, whereas the pulp and paper market has developed as expected
- Limited workforce mobility affects the service work carried out at customer sites, leading to some postponements of maintenance shutdowns
- Orders received unchanged at EUR 191 million (191 million)
  - Good project activity in O&G and pulp and paper
  - Services orders declined due to Covid-19 restrictions
- Order backlog of EUR 337 million (EUR 310 million) at the end of Q1 2020
- Sales declined 12% to EUR 137 million (155 million)
  - Lockdowns in China (Feb) and India (March)
  - Services sales affected by Covid-19 restrictions
- Segment adjusted EBITA[1] margin down to 14.0% (15.2%)
  - Lower sales and under-absorption
  - Weaker sales mix
- Neles as continuing operations, Adjusted EBITA EUR 17 million (12.2%)
  - High allocated Group costs: EUR 2.7 million (EUR 0.9 million)
  - Separation costs of EUR 1.3 million reported in Q1/20 as Adjustment Items

COVID-19 and oil price impact and actions taken

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- Employee safety and protection as a priority. New ways of remote working implemented
- Main impact from Covid-19 seen in MRO service business. Project momentum has held better
  - Customers are postponing shutdowns and reviewing their OPEX budgets
  - Valves typically late in the investment cycle, supporting CAPEX driven project business currently
- Neles operations and supply chain operational
  - Shanghai factory back in operations
  - India lock down main issue. Currently ramping up with reduced capacity

- Cash collection and cash savings focus for Neles
  - Temporary cuts, e.g., partial lay-offs, postponement of non-critical investments and growth opex additions
  - Longer-term structural cost savings in the USA and in Finland

- Due to the unpredictability of the Covid-19 situation, Neles will not estimate, for the time being, the development of its market activity for six months ahead
- Neles expects that market activity will continue to be affected by Covid-19 throughout the second quarter

Neles mid-term financial targets

≥5%	>€1bn	>15%	<2.5x	~40%
organic growth ambition	orders received around 2025	EBITA while investing in growth	Net Debt/EBITDA maintaining a healthy balance sheet while investing in growth	of underlying[1] net earnings paid as dividends

[1]Net Earnings excluding amortizations resulting from future M&A

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Reinventing reliability